Industrial Development Certificate control

A guide for industry

This Supplement is a revision of the article published in *Trade and Industry* of July 8, 1971 explaining why and when Industrial Development Certificates (IDCs) are required, where and how applications for them should be submitted and, finally, how applications for certificates are dealt with in different areas. The article must not be taken as setting out a permanent method of dealing with these matters. In granting or refusing a certificate the Secretary of State certifies, or refuses to certify, that the development dealt with can be carried out consistently with current government policy for the distribution of industry over Great Britain as a whole. There is no IDC control in Northern Ireland.

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Statutory provisions

THE principal statutory provisions on IDCs are now contained, so far as England and Wales are concerned, in:

Town and Country Planning Act 1971, Sections 66 to 70.
Town and Country Planning (Industrial Development Certificates: Exemption) (No. 2) Order 1972 (SI 996/1972).
Town and Country Planning (Industrial Development Certificates) Regulations 1972 (SI 904/1972).
Town and Country Planning (Industrial Development Certificates) Regulations 1973 (SI 149/73).

The corresponding principal provisions for Scotland are now in:
Town and Country Planning (Scotland) Act 1972, Sections 64 to 68.
Town and Country Planning (Industrial Development Certificates: Exemption) (No. 2) Order 1972 (SI 996/1972).
Town and Country Planning (Industrial Development Certificates) Regulations 1972 (SI 904/1972).

Areas where IDC control no longer operates

IDCs are not required in the Development Areas (DAs) and Special Development Areas (SDAs). These areas cover broadly most of Scotland and Wales, Northern England (which excludes the East and West Ridings of Yorkshire and much of Lancashire), Merseyside (including Skelmersdale New Town) and the Furness area in the North West of England, and most of Cornwall and North Devon.

Areas where IDC control continues to operate

Outside the DAs and SDAs, an application for planning permission that will lead to the creation of industrial floor space of an area greater than 10,000 sq. ft. in the South East, and greater than 15,000 sq. ft. elsewhere, including East Anglia, must be supported by an IDC. The exemption limits were raised to these figures on July 19, 1972. A firm does not need an IDC to support a planning application for industrial development if the floor area of that development, together with any related development, does not in total exceed the exemption limit. The statutory provisions about related development are contained in Section 68 of the Town and Country Planning Act 1971 and, in relation to Scotland, in Section 66 of the Town and Country Planning (Scotland) Act, 1972.

IDCs are required to support applications for planning permission for extensions and alterations to existing buildings as well as for the erection or re-erection of buildings and for change of use of existing buildings from non-industrial to industrial purposes. IDCs may also be required to support a planning application for the retention of industrial use where that use had been started without appropriate planning permission, and for the retention of industrial buildings or continuation of industrial use without complying with conditions subject to which planning permission was granted.

The issue of an IDC does not guarantee that planning permission will be obtained. It is therefore advisable for firms in their own interests to discuss their plans with Local Planning Authorities as thoroughly as possible so that when a formal application is made it should present the minimum difficulty. The Secretary of State for the Environment, the Secretary of State for Wales and the Secretary of State for Scotland have made special arrangements within their Departments to ensure that planning applications and appeals relating to major industrial building proposals are considered quickly and Local Authorities have been asked to adapt their procedures to give such cases priority. The proposals in question are new industrial building projects of not less than 15,000 sq. ft. Details of the arrangements are given in circular 30/72 (Department of the Environment), circular 68/72 (Welsh Office) and circular 29/72 (Scottish Development Department).

The purpose of IDC control is to secure a better economic balance between the different parts of the country. In practice this means encouraging the expansion of industry in the Development and Intermediate Areas and moderating expansion, particularly the demand for labour, in areas liable to pressure on available resources.

In issuing an IDC, the Secretary of State for Trade and Industry certifies 'that the development in question can be carried out consistently with the proper distribution of industry'. The Secretary of State is required by Section 67(3) of the Town and Country Planning Act 1971 and by Section 65(3) of the Town and Country Planning (Scotland) Act 1972, in considering whether any development can be carried out consistently with the proper distribution of industry, to 'have particular regard to the need for providing appropriate employment in Development Areas'. Subject to this overriding requirement special consideration is also given to the employment needs of the Intermediate Areas. In considering applications the industrial needs of the New and Expanding Towns are also borne in mind.

Restrictions and conditions on IDC

In practice an IDC remains valid, for the purpose of supporting a planning application, for 12 months. The expiry date is stated on the certificate.

Under Section 70 of the Town and Country Planning Act 1971 and Section 68 of the Town and Country Planning (Scotland) Act 1972, the Secretary of State for Trade and Industry has powers to embody conditions in IDCs which he deems to be 'appropriate having regard to the proper distribution of industry'. The IDC will normally be subject to one standard condition stating by whom and for what purpose the building shall first be used. Other conditions may for example limit the amount of space to be used for production purposes in a building for which an IDC is issued. They may also occasionally limit the future use of premises which would be vacated, where these are in the same planning authority area as the proposed new development; it is the practice to discuss conditions of this kind fully with the applicant before issuing an IDC. (Where existing premises are in a different planning authority area from the proposed new development, other arrangements for limiting their future use may occasionally be agreed with the applicant.) All conditions will be included, or will be deemed to be included, in any planning permission granted.

Making an application for an IDC

Applications for IDCs are usually made on a relatively simple form obtainable from the Regional Offices of the Department of Trade and Industry. There is no statutory requirement that applications must be on a form, but it is generally convenient for the applicant to use it. The form asks for information about the location, nature and size of the proposed development and of existing premises, the current labour force and any change expected to result from the development.

The application should be sent to the appropriate Regional Office of the Department of Trade and Industry. An official from that office will, where this is considered necessary, arrange to investigate the application in detail with the firm. This investigation will normally take the form of a pre-arranged visit to the firm in the course of which the applicant will be given an opportunity to explain in detail his reasons for considering that the development proposed should be approved. In considering all IDC applications, the Department has regard to the need for providing appropriate additional employment opportunities in the Development and the Intermediate Areas and an applicant for an IDC outside these areas may be asked whether he has considered putting the project in one of the Assisted Areas or in Northern Ireland. In all these areas additional employment opportunities are needed and substantial financial assistance is available. Details of the financial assistance are set out in the Department's Incentives for Industry literature, which can be obtained from the Department of Trade and Industry (Millbank Tower, London SW1P 4QU (Tel: 01-834 2255 ext. 88), or from any Regional Office of the Department.

Although, as already explained, in dealing with all applications for projects located outside the Development and Intermediate Areas the Department is bound to consider whether the projects could be undertaken in one of those areas, consideration is given to the problems which could be created for individual managements if they had to undertake industrial development at locations distant from their existing establishments. The control is operated flexibly with due allowance for factors of this kind which can be important to small firms with limited managerial and other resources.

The Department will also take into account the benefits to efficiency that may be expected to flow from schemes designed to replace old premises with new ones. The Department is normally

prepared to approve such projects by existing occupants provided no more than a small increase in the number of employees would result from the project, and the range of products is unchanged.

It is therefore important that in discussion with the Department on an application for a project located outside the Development and Intermediate Areas no factual information which might influence the decision should be omitted. The Department itself will try to ensure that nothing material is overlooked, and it is also prepared to discuss informally the likelihood of a particular project being approved in a particular location before an application for an IDC is made. It is helpful to the Department if applicants, when submitting an application, set out clearly—

(a) the labour demand, in terms of number and skills, expected to arise from the proposed development;
(b) the reasons for wanting the development in the location proposed and for not wanting it in an Assisted Area;
(c) the consequences on output and efficiency of
  (i) approval, and
  (ii) refusal of the application.

All information given to the Government in connection with IDC applications is treated in the strictest confidence and will not be disclosed. Even the fact that an application has been made to the Department will not be disclosed unless permission has been obtained from the applicant.

As a general rule, the Department would expect firms without strong ties to go to an SDA, DA or Intermediate Area (IA)—known collectively as the Assisted Areas (AAs). Provided no substantial increase in labour is involved, long-established firms can usually depend on a sympathetic response to applications for a modest expansion on their existing sites, except in areas of severe labour shortage where the Department is anxious to restrain pressure on scarce resources. Firms already granted IDCs for a number of expansion schemes in the Midlands and South East in particular may be pressed to put future growth in a Development or Intermediate Area.

Consideration of IDCs

The Department of Trade and Industry tries to give decisions on IDC applications as quickly as possible. But applicants should bear in mind that the investigation of applications for projects located outside the AAs may take some weeks or even months in exceptionally difficult cases and should allow for this when making their applications. It will help to get a speedy decision if they can supply quickly any additional information the Department asks for. In considering applications from companies or a group of companies with factories in more than one place it will often be necessary to look at the activities of the company or group as a whole and to consider what other projects are in hand or contemplated which may have a bearing on the location of the project covered by the application. The Department is always ready to discuss proposed developments informally with companies before an IDC application is made. Indeed it welcomes, and tries to stimulate, opportunities for discussion of the development plans of such companies; such discussion provides a helpful framework for taking decisions on individual projects and cuts down the time needed for these decisions.

Notification of decisions and appeals against refusals of IDCs

If the Department accepts that the proposed development is consistent with the proper distribution of industry, the IDC (together with a copy for attachment to the planning permission application) will be issued by the Regional Office of the Department. If the Department is not able to regard the proposed development as consistent with the proper distribution of industry a formal letter to that effect will be sent to the applicant by the Regional Office. This letter will usually be accompanied by an informal letter inviting the applicant to consider alternative locations and offering all possible assistance if he wishes to do so.

There is no statutory right of appeal against the refusal of an IDC but the Department fully accepts that anyone aggrieved by a refusal should have the right to ask for that decision to be re-considered. The normal practice is to seek a meeting with the Regional Director as a first step. Either the Regional Director or another senior official in the Regional Office will discuss the application with the applicant, explain the considerations which weighed with the Department in reaching its decision and carefully check with the applicant that no material information was overlooked. Where new information which would have justified the issue of the certificate emerges, the Department will be prepared to reverse its earlier decision. Where the applicant wishes to submit a modified development proposal, that will be considered. In all other cases a full report of the facts, including an agreed note of the 'appeal' meeting with the applicant, if the applicant so wishes, will be sent to the Department's Headquarters. There senior officials, and possibly also Ministers, will review the original decision. When a case is reviewed at Headquarters a meeting will be held there with the applicant if necessary or desirable before the outcome is notified.

Operation of the control in the different regions

Details of SDAs and DAs, where no IDCs are required, and of IAs are obtainable from the Department's Regional Offices, whose addresses are given at the end of these notes. IDCs are generally freely available in the IAs for the expansion of projects already located there. Newcomers may, however, have to show that they could not reasonably be expected to go to an SDA or DA; and the Department may also wish to discuss in which particular location the applicants' needs for labour can best be met.

Elsewhere IDC control is operated flexibly. The Department will assess the applications on their merits taking into account, among other things, the current and expected availability of labour in the area of the proposed development, the ties which the proposed development has to the chosen location, for example specialised services, dependence on local supply sources and limited distribution area, any relevant export promotion and import saving aspects and the individual circumstances of the applicant firms.

Although it will be apparent that in some areas the Department must examine applications most critically, firms need not on that account be deterred from making applications, since the Department must examine all projects on their merits and may on occasion be able to suggest acceptable compromises. The following paragraphs describe how the IDC control is operated, in the main, in each Region.

Yorkshire and Humberside Region

Except for some small DAs adjacent to the Northern Region boundary where IDCs are not required, the whole of the Region is an IA. IDCs are generally freely available to indigenous firms. Newcomers may be asked to consider an alternative location in an SDA or DA, or any part of the IA with special problems.

London and South East and Eastern Regions

Applications for IDCs are examined critically in most parts of the London and South Eastern and Eastern Regions.

In parts of these Regions where labour resources are strained, IDCs are likely to be issued only for re-building projects involving increased productivity and for other modernisation projects, provided that no more than a small increase in the number of employees would result from such projects.

In parts of these Regions where the labour supply is easier, all projects which cannot reasonably go to an AA are considered in relation to the needs and resources of the area concerned. Applications in areas where there are special employment difficulties will be considered sympathetically.

In most of the New and Expanding Towns designed to take population from London, applications from London firms are usually approved if the project cannot reasonably be expected to go to an AA. Applications for reasonable expansion by firms established in these Towns or which have moved there under the overspill arrangements are also usually approved provided the expansion is not out of scale with the Town's needs and resources. There may, however, be occasions on which IDC applications for New and Expanding Towns will be examined critically, for instance where the Town's planned expansion is complete (as in the case of some of the first generation New Towns), or where there is likely to be sufficient labour only to meet the demands of industrial expansion already approved, or where a firm has grown to the point where it might reasonably put a project in an AA.

South Western Region

IDCs are not required in the South West DA. They are generally freely available in the IA for expansion by indigenous firms; newcomers may be asked to consider locating their project in an SDA or DA. On Severnside and in North Gloucestershire, North and West Wiltshire, and Central and North Somerset, applications for

incoming projects and substantial local expansions are considered critically, but IDCs for projects from the GLC area which cannot reasonably be expected to go to an AA and are not out of scale with the Town's needs and resources will normally be granted in Swindon. Much of the rest of the South West region has a lower industrial content with small towns, holiday resorts and a preponderance of agricultural or service type activity. Applications are viewed according to local circumstances. IDCs are usually granted for modest expansions and for smaller projects with close ties to the area.

West Midlands Region

In the Oswestry IA, IDCs are generally freely available for expansion by indigenous firms: newcomers may be asked to consider locating their projects in an SDA or DA. Elsewhere, favourable consideration is given generally throughout the region to projects with demonstrably strong local ties and to modernisation schemes that would result in no more than a small increase in the number of employees. The Department is also sympathetic towards projects suited to local needs and resources in the rural parts of the region, mostly in Herefordshire and Shropshire, and bears in mind the needs of the North Warwickshire Coalfield area where pit closures have caused some redundancies. The needs of the New and Expanding Towns, taking overspill from the West Midlands conurbation, are an additional factor taken into account in considering applications for developments within the conurbation itself. Applications involving moves from the conurbation to the related New and Expanding Towns are likely to be approved where the Department is satisfied that the developments proposed could not reasonably be undertaken in an AA. Exceptionally, IDCs are for the time being freely available to firms proposing to move from the conurbation to Telford (or to Daventry in the East Midlands Region). Applications from firms already in the New and Expanding Towns will also, in general, be viewed favourably provided that the proposed expansions are not out of scale with local needs.

East Midlands Region

In the Notts/Derby IA and that part of the Yorkshire IA (Worksop Employment Exchange Area) which falls within Nottinghamshire, IDCs are freely available for expansion by indigenous firms; newcomers may be asked to consider locating their project in an SDA or DA. Elsewhere the Department will generally approve projects with very strong local ties and modernisation schemes that would result in no more than a small increase in the number of employees. The Department is also sympathetic to suitable projects in the rural parts of the Region, primarily in Lincolnshire, and in areas like Chesterfield affected by coal mining run-down. In the New and Expanding Towns, which are taking overspill from Birmingham or London, the Department will also approve applications for moves from the related exporting conurbation, provided it is satisfied the project could not reasonably be expected to go to a DA or IA. Exceptionally IDCs are for the time being freely available to firms proposing to move from the West Midlands conurbation to Daventry. Applications for reasonable expansion by firms established in the New and Expanding Towns will also in general be favourably considered provided a firm has not reached the point where it might reasonably put a project in an AA.

North Western Region

IDCs are not required in the DA. Virtually the whole of the rest of the Region is an IA and IDCs are generally freely available for expansion by indigenous firms; newcomers may be asked to consider locating their projects in an SDA or DA, or in part of the IA with special problems.

Northern Region

Virtually the whole of the Region is designated an SDA or DA where IDCs are not required.

Wales

Most of Wales is designated an SDA or DA where IDCs are not required. The remaining parts are IAs and IDCs are generally freely available for expansion by indigenous firms; newcomers may be asked to consider locating their project in an SDA or DA, or in parts of the IAs with special problems.

Scotland

The whole of Scotland is an AA. IDCs are required only in the IA and they are freely available.

DTI Regional Offices

Region	Area
Yorkshire and Humberside: City House, New Station Street, Leeds LS1 4JQ Tel: 0532 38232	The East and West Ridings of Yorkshire, the City of York, and Lincolnshire (the Parts of Lindsey only).
London and South Eastern: Cromwell House, Dean Stanley Street, London SW1P 3HY Tel: 01-828 4355	London (Greater London Council Area), Kent, Surrey, Sussex, Hampshire, Borough of Poole, Isle of Wight,
Eastern: Cromwell House, Dean Stanley Street, London SW1P 3HY Tel: 01-828 6271	Beds, Bucks, Berks, Essex, Herts and Oxfordshire, Cambridgeshire and Isle of Ely, Huntingdon and Peterborough, Norfolk and Suffolk.
South Western: The Pithay, Bristol BS1 2PB Tel: 0272 291071	Cornwall (including the Isles of Scilly), Devonshire, Dorset (excluding the Borough of Poole), Gloucestershire, Somerset and Wiltshire.
West Midlands: Five Ways House, Islington Row, Birmingham B15 1SJ Tel: 021-643 8221	Herefordshire, Shropshire, Staffordshire, Warwickshire and Worcestershire.
East Midlands: Cranbrook House, Cranbrook Street, Nottingham NG1 1ES Tel: 0602 46121	Derbyshire (except the High Peak District), Leicestershire, parts of Lincolnshire (Holland, Kesteven and the County Borough of Lincoln), Northamptonshire, Nottinghamshire and Rutland.
North West: Sunley Building, Piccadilly Plaza, Manchester M1 4BA Tel: 061-236 2171	Cheshire, Lancashire and the High Peak District of Derbyshire.
Northern: Wellbar House, Gallowgate, Newcastle-upon-Tyne NE1 4TR Tel: 0632 27575	Cumberland, Durham, Northumberland, Westmorland and the North Riding of Yorkshire.
Wales: Government Buildings, Gabalfa Cardiff CF4 4YL Tel: 0222 62131	The whole of Wales and Monmouthshire.
Scotland: 314 St. Vincent Street, Glasgow G3 8XF Tel: 041-248 2855	The whole of Scotland.